

RECORDATION NO. 7854
Filed 2 20-44
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INTERSTATE COMMERCIAL BANK

CERTIFICATE OF NOTARY PUBLIC

I hereby certify that I have compared the attachment hereto with a Loan and Security Agreement dated February 28, 1975 between The Cleveland Trust Company and Jackson Iron and Steel Corp. and that the attachment hereto is a true and correct copy in all respects of said Loan and Security Agreement.

Herbert J. Villa

Notary Public

HERBERT J. VILLA, ATTORNEY AT LAW
Notary Public - STATE OF OHIO
My commission has no expiration date.
Section 147.03 R.C.

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LOAN AND SECURITY AGREEMENTINTERSTATE COMMERCE COMMISSION

THIS LOAN AND SECURITY AGREEMENT, made and entered into this 28th day of February, 1975, at Cleveland, Ohio by and between THE CLEVELAND TRUST COMPANY, having its main office at 900 Euclid Avenue, Cleveland, Ohio (hereinafter referred to as the "Bank") and JACKSON IRON AND STEEL CORP., an Ohio corporation, having offices and plant at State Route 776, Jackson, Ohio, and an executive office at 24100 Chagrin Boulevard, Beachwood, Ohio (hereinafter referred to as the "Borrower");

W I T N E S S E T H: THAT,

RECITALS

Borrower has applied to the Bank for a loan in the principal sum of Two Million Dollars (\$2,000,000), and the Bank is willing to make such loan to the Borrower, upon the terms and conditions and for the purposes set forth hereinafter. Such loan shall be secured by a mortgage, which shall create a first lien on certain real property located in Jackson County, Ohio, and by security interests in the Borrower's tangible and intangible personal property as described hereinafter, and such mortgage lien and security interests shall also secure all other indebtedness due or owing at any time to the Bank.

As an additional inducement to the Bank to enter into this Agreement and to make the aforementioned loan, the Borrower has procured from the Farmers Home Administration, an Agency of the United States Department of Agriculture (the "FmHA"), a conditional commitment to execute and to deliver to the Bank its Contract of Guarantee (such commitment being evidenced by a Conditional Commitment for Guarantee delivered to the Bank, dated October 22, 1974, as amended by letter from the FmHA to the Bank dated February 11, 1975 (hereinafter referred to as the "Commitment")), under which Contract of Guarantee (Form FHA 449-17) the FmHA shall guarantee, inter alia, payment to the Bank of ninety per cent (90%) of any loss sustained on the principal of, and interest payable on, said loan and certain other sums, all as provided in said Contract of Guarantee.

NOW, THEREFORE, in consideration of the premises and of the agreements set forth hereinafter, the parties hereto agree as follows:

Section 1.

DEFINITIONS

The following terms used herein shall have the meanings set forth below:

- 1.1 "Account" shall have the meaning ascribed to such term in the Uniform Commercial Code.
- 1.2 "Account Debtor" shall have the meaning ascribed to such term in the Uniform Commercial Code.
- 1.3 "Application" shall mean the Application for Loan and Guarantee, dated August 5, 1974, submitted to the FmHA, as amended by letters to FmHA from the Bank and Jackson, dated November 25, 1974 and February 4, 1975, and as may be amended hereafter.
- 1.4 "Building" shall mean the industrial building to be erected by the Borrower, in accordance with the Plans and Specifications, and related facilities and improvements.
- 1.5 "Collateral" shall mean the real and personal property referred to in Section 9.1 of this Agreement and any part thereof.
- 1.6 "Current Assets" and "Current Liabilities" shall mean the amounts determined in accordance with generally accepted accounting principles consistent with those followed in the preparation of the financial statements referred to in Section 4.3 hereof.
- 1.7 "Debt" or "debt" shall mean indebtedness created, issued, guaranteed, incurred or assumed for money borrowed or for the deferred purchase price of property or services purchased, excluding, however, accounts payable (other than for borrowed money) and accrued expenses incurred in the ordinary course of business, provided that such accounts and expenses are not overdue in a material amount or are being contested in good faith and by appropriate proceedings.
- 1.8 "Equipment" shall mean all equipment, machinery, fixtures and other personal property acquired, in whole or in part, from the proceeds of the loan made heretofore by the Bank in the principal amount of \$1,000,000 and from the proceeds of the loan hereunder, including the property listed in Exhibit D attached hereto.
- 1.9 "FmHA" or "FHA" are synonymous abbreviations, meaning the Farmers Home Administration, an Agency of the United States Department of Agriculture.
- 1.10 "Indebtedness" or "indebtedness" shall mean, collectively, all indebtedness and liabilities incurred or owing by the Borrower to the Bank, now existing or hereafter incurred, direct or contingent, whether matured or unmatured, including, but not limited to, the principal of, and interest on, the Note, future loans, advances, costs, expenses and obligations of any type due from the Borrower to the Bank under this Agreement or otherwise.

- 1.11 "Inventory" shall have the meaning ascribed to such term in the Uniform Commercial Code.
- 1.12 "Mortgage" shall mean the Mortgage Deed from the Borrower to the Bank, delivered concurrently herewith, giving the Bank a first mortgage lien on the Premises, as described therein.
- 1.13 "Net Earnings" shall mean net earnings of the Borrower after taxes and after extraordinary items, but without giving effect to any gain resulting from the reappraisal or write-up of any assets or to the sale of any asset other than inventory, as determined in accordance with generally accepted accounting principles applied on a consistent basis.
- 1.14 "Note" shall mean the promissory note referred to in Section 2.1 hereof.
- 1.15 "Plans and Specifications" shall mean the plans and specifications in respect of the Building and related writings prepared, in part, by Dwight M. Wilkinson, P. E., dated August 29, 1974 and September 3 and 10, 1974, and heretofore delivered to the Bank as changed from time to time as provided in this Agreement.
- 1.16 "Premises" shall mean the land, including buildings, improvements and fixtures now existing and to be erected on such land, and other real property set forth in the Mortgage.
- 1.17 "Project" shall mean the construction of the Building and acquisition and installation of the Equipment, described in the Application and with respect to which FmHA has issued its Commitment.
- 1.18 "Regulation" shall mean the regulations of the FmHA set forth in Parts 1841 and 1842 of Title 7 of the Code of Federal Regulations as of the date hereof applicable to the transaction contemplated hereby, as amended from time to time.
- 1.19 "Related Writing" shall mean any certificate, notice, assignment, mortgage, financing statement, subordination agreement, guarantee, or other writing furnished by the Borrower or any of its officers or shareholders to the Bank in connection with the transaction hereunder.
- 1.20 "Salaries" shall mean compensation, whatever the form or kind thereof, for services rendered and includes, without limitation, salaries, wages, commissions, bonuses, severance pay, disbursements to trusts, directors' fees, attorneys' fees and other fees.
- 1.21 "Tangible Net Worth" shall mean the excess of the net book value of the Borrower's assets (other than patents, good will, treasury stock and similar intangibles and excluding all reserves and value attributable to the reappraisal or write-up of any asset) over all of its liabilities other than liabilities subordinated to the Borrower's indebtedness to the Bank, as determined in accordance with generally accepted accounting principles consistent with those followed in the preparation of the financial statements referred to in Section 4.3 hereof.

- 1.22 "Uniform Commercial Code" shall mean Chapters 1301-1309 of the Ohio Revised Code as the same may be in effect from time to time or if the law of another jurisdiction is applicable to the particular situation involved, the corresponding provisions of the law of such other jurisdiction.

Section 2.

LOAN

2.1 Loan.

Upon the terms and subject to the conditions stated herein, the Bank shall lend the principal sum of Two Million Dollars (\$2,000,000) to the Borrower (the "Loan"). The Loan is evidenced by, and shall be repaid in accordance with, the Borrower's promissory note, executed and delivered concurrently herewith (the "Note"), in substantially the form of Exhibit A attached hereto and made a part hereof, duly completed, payable to the order of the Bank in the principal amount of \$2,000,000.

- 2.2 The proceeds of said Loan shall be advanced and disbursed, from time to time, for the purposes and in the manner set forth hereinafter, by the Bank in accordance with its usual procedures.

2.3 Use of Loan Proceeds.

The proceeds of the Loan shall be used for

- (a) The purposes described in the Application, which Application and purposes have been approved by the FmHA by issuance of its Commitment; such purposes being
 - (i) Repayment to the Bank of its loan in the principal amount of One Million Dollars (\$1,000,000) made May 9, 1974, to the Community Improvement Corporation of Jackson County, Ohio and re-loaned by the latter to the Borrower and guaranteed in part (90%) by the Ohio Development Financing Commission; and
 - (ii) Payment of the costs and expenses of constructing the Building and of acquiring and installing the Equipment, together with costs and expenses related, necessary and incidental thereto to the extent permitted under the Regulations; and
- (b) Payment of such incidental costs and expenses, and such advances, permitted under the Regulations and/or provided for hereunder.

Section 3.

CONSTRUCTION AND EQUIPPING PROJECT.

3.1 Borrower's Agreement to Construct and Equip.

The Borrower agrees to construct, or cause to be constructed, on the Premises the Building at a cost of not less than \$325,000 in accordance with the Plans and Specifications and to acquire and install the Equipment,

in a manner suitable for use by the Borrower for its manufacturing purposes. The Borrower agrees that the construction of the Building and the acquisition and installation of the Equipment shall be undertaken and completed free and clear of any mechanics' and materialmen's liens, security interests, liens, claims and encumbrances of any kind, except the Bank's first mortgage lien on the Premises, the security interests granted hereunder and as expressly permitted in Section 8.3 hereof.

3.2 Completion of Project.

The Borrower agrees that the construction of the Building and acquisition and installation of the Equipment shall be completed not later than June 18, 1975. In the event the construction of the Building, or the acquisition and installation of the Equipment, is delayed or interrupted by reason of fire, storm, flood, war, strike or riot or by reason of the order or requisition by any governmental body, said date of completion shall be extended during the period of such delay or interruption; provided, however, that in no event shall such delay or interruption be a cause to excuse completion of the Project beyond June 30, 1975.

3.3 Completion Date.

Upon completion of construction of the Building and acquisition and installation of the Equipment, the Borrower shall deliver to the Bank a certificate signed by the President or a Vice-President and the Secretary or an Assistant Secretary of the Borrower specifically describing the Equipment acquired and installed and stating that, (i) except for amounts for costs not then due and payable, construction of the Building has been completed in accordance with the Plans and Specifications, all the Equipment has been acquired and installed and all costs incurred in connection therewith have been paid, and (ii) such construction and equipping has been accomplished in such manner as to conform with all applicable zoning, planning, building and environmental regulations of all governmental authorities having jurisdiction. Said certificate shall also specify the date by which the foregoing events shall have occurred. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which then exist or may subsequently come into being.

3.4 Borrower Required to Pay Costs in Event Loan Proceeds Insufficient.

In the event the balance of the proceeds of the Loan after the payment to the Bank described in Section 2.3 (a) (i) is insufficient to pay in full all costs to construct the Building and to acquire and install the Equipment as provided in this Agreement, Borrower agrees to complete such construction and equipping and to pay that portion of the costs therefor as may be in excess of the moneys available from the proceeds of the Loan. In the event it appears at any time, in the reasonable judgment of the Bank, that the proceeds of the Loan

have been expended and have not been sufficient to complete the Building and acquire and install the Equipment, the Borrower, within five (5) days following receipt of a written demand by the Bank, shall deposit, or cause to be deposited, in an account with the Bank an amount equal to such deficiency. The Bank does not make any warranty, either express or implied, that the proceeds of the Loan will be sufficient to pay all the costs which will be incurred in connection with the Project.

3.5 Other Agreements of Borrower Regarding Construction and Equipping the Project.

The Borrower shall

- (a) Furnish the Bank, upon request at any time,
 - (i) the names and addresses of each supplier of Equipment and all contractors, subcontractors and materialmen, together with copies of all purchase orders issued by it and contracts entered into between it and any contractor, materialman or supplier, in connection with the construction of the Building and acquisition and installation of the Equipment;
 - (ii) statements showing the itemized cost of the Building, such itemization to be based on contracts wherever possible or, in the absence of contracts, the lowest acceptable bids or bona fide estimates;
 - (iii) a sworn statement of each contractor setting forth the itemized cost of the work to be performed by such contractor;
 - (iv) a statement itemizing the expenditures made for construction and equipping prior to the date of such statement, items due and unpaid and expenditures necessary for completion of the Building and the acquisition and installation of Equipment and to support such statement with receipted bills, affidavits, waivers of liens and other satisfactory evidence of payment; and/or
 - (v) such other information and documents as the Bank may request relating to the Project.
- (b) Select competent and financially reliable contractors to undertake construction of the Building, require each contractor and subcontractor to be provided with workmen's compensation insurance, and comply with all applicable requirements relating to equal opportunity and non-discrimination, including the requirements set forth in Regulation § 1841.56 providing, inter alia, that the Borrower obtain Compliance Statements (Form FHA 400-6) from each contractor and subcontractor, require the inclusion of an Equal Opportunity Clause in each contract and subcontract pursuant to Regulation § 1841.56(c)(2), furnish the requisite forms specified in Regulation § 1841.56(c)(3), require each contractor and subcontractor to comply with the applicable provisions of Regulation §§ 1841.56(d) and (e), and conduct the compliance reviews and prepare, and cause to be filed, Inspection Reports (Form FHA 424-12) as described in Regulation § 1841.56(f).

- (c) Give the Bank, FmHA, and their respective agents, employees and representatives, the right during construction of the Building to inspect the same and to reject and require to be replaced any material or work that does not comply with the Plans and Specifications.
- (d) Furnish the Bank, upon request, a survey of the Premises and/or location service satisfactory to the Bank showing the location of the Building wholly within the Premises.
- (e) Maintain, or cause to be maintained, during construction of the Building, and deposit with the Bank, fire and extended coverage insurance, in the form known as "Builders Risk Insurance Policy," written in amount and by insurers satisfactory to the Bank (with Standard Loss Clause attached recognizing the interest of the Bank as Mortgagee) and, upon completion of construction, cause the Building to be covered by fire and extended coverage as provided in Section 7.3(a) hereof.
- (f) Not permit any change in, or deviation from, the Plans and Specifications, or make additions thereto; not make any changes in construction contracts except by written change orders; and not issue change orders affecting the cost of construction or extending the time for construction, without the prior written consent and approval of the Bank and, to the extent required by the Regulations, FmHA.
- (g) Obtain, or cause to be obtained, all building and other permits and give all required notices and comply with all applicable codes, laws, ordinances, rules and regulations pertaining to the construction of the Building.

3.6 No Representations By Bank.

The Borrower acknowledges the Bank has made no representations, and shall have no responsibility, with respect to the selection of any contractor, subcontractor, materialman, supplier or anyone else performing work or furnishing material in connection with the construction of the Building and acquisition and installation of Equipment, and that the selection thereof is entirely the choice of the Borrower. Any inspection made, or authority exercised, by or on behalf of the Bank is made solely for the benefit and protection of the Bank and not as agent or representative of the Borrower.

Section 4.

REPRESENTATIONS AND WARRANTIES.

The Borrower represents, covenants and warrants that:

4.1 Organization and Qualification.

- (a) The Borrower is a corporation duly organized and validly existing and in good standing under the laws of the State of Ohio.
- (b) The Borrower has the corporate power and authority to own its properties and assets and to carry on its business and is qualified to do business in every jurisdiction wherein such qualification is necessary.

(c) The Borrower has the corporate power to execute, deliver and perform this Agreement and the power to execute and deliver the Mortgage, Note, and Related Writings.

(d) The Borrower has no subsidiaries.

4.2 Authorization of Borrowing.

The execution, delivery and performance of this Agreement, the borrowing hereunder, and the execution and delivery of the Mortgage, the Note and any Related Writings, by the Borrower has been duly authorized by all requisite corporate action of the Borrower and will not violate any provision of law, any order of any court or other agency of government, the Articles of Incorporation or Code of Regulations of the Borrower, any provision of any agreement or other instrument to which the Borrower is a party or by which it or any of its properties or assets are bound, or be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under any such agreement or other instrument, or, (except as provided in this Agreement and in the Mortgage) result in the creation or imposition of any lien, charge or encumbrance of any kind upon any of the properties or assets of the Borrower. Except as otherwise provided herein or under the Regulations, no registration with or consent or approval of any governmental agency and no consent or approval of any third party is required for the due execution and delivery of this Agreement or for the full and timely performance of any of the terms hereof.

4.3 Financial Statements and Condition.

The Borrower's opening financial statements and the most recent financial statements of the Borrower, dated as of December 31, 1974, furnished to Bank are true and complete (including, without limiting the generality of the foregoing, a disclosure of all material contingent liabilities), have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with those used during preceding periods and fairly present its then financial condition and its operations for the period then ending. There has been no material change in the Borrower's financial condition, properties or business since December 31, 1974.

4.4 Title to Assets and Absence of Liens.

The Borrower has good and marketable title to all its assets and properties, free and clear of any mortgage, pledge, lien, security interest, financing statement, charge or other encumbrance, except

(i) the first mortgage lien on the Premises and security interests granted hereunder in favor of the Bank; and

(ii) the liens expressly permitted under Section 8.3 hereof.

4.5 Litigation.

There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of the Borrower, threatened against or affecting the Borrower, or any properties or rights of the Borrower, which, if adversely determined, would or might materially impair the right or ability of the Borrower to carry on its business or to complete the Project or would or might have a material adverse effect on the financial condition of the Borrower.

4.6 Payment of Taxes.

The Borrower has filed or caused to be filed all Federal, State and local tax returns which are required to be filed, and has paid all taxes as shown on said returns or on any assessment received by it to be due, including interest and penalties, or has provided adequate reserves for payment thereof. The Borrower is not a party to any action or proceeding by any governmental authority for the assessment or collection of taxes, no claim for assessment or collection of taxes has been asserted or threatened against the Borrower, and the Internal Revenue Service has not alleged the nonpayment or underpayment of any tax by the Borrower.

4.7 Conflicting Agreements.

The Borrower is not a party to any contract or agreement or subject to any restriction which materially and adversely affects its business, assets or financial condition. The Borrower is not in default in any respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party or by which it or any of its properties or assets are bound.

4.8 Laws.

The business conducted by the Borrower conforms with all applicable laws, rules, regulations and orders of all governmental authorities having jurisdiction over the same. There are no known existing violations of any laws, ordinances or regulations which might affect the financial condition, business or property of the Borrower.

4.9 Application to FmHA.

The Application and all associated materials furnished to the FmHA and to the Bank are true and complete, contain no misrepresentations and fairly present the Borrower's financial condition, properties and business situation and characteristics.

4.10 Operations Upon Completion of Project.

The construction of the Building and the acquisition and installation of the Equipment will enable the Borrower to reopen its facilities located on the Premises and to engage in the manufacture and production of ingots at such facilities.

4.11 Status of Construction.

At the date hereof, the sole work performed and/or materials delivered to the Premises in respect to the construction of the Building or otherwise which could possibly result in the filing of mechanics' and/or materialmen's liens consist of the delivery of structural steel and materials for the Building and the installation of concrete footings and the concrete foundation for the Building and materials in connection therewith, such work having been performed and materials furnished by Intermedal Corp. (a.k.a. Aaron Mandel and/or Wisecorp.), Don King Construction Company, Buena Vista Construction, Inc. and those companies listed on Exhibit E attached hereto, and no other work has been performed and/or materials delivered to the Premises, by any other person, in conjunction with such construction, or will be performed or delivered to the Premises, which could possibly result in the filing of mechanics' and/or materialmen's liens, until the Mortgage and the Note have been executed and the Mortgage recorded.

4.12 Absence of Default.

At the execution and delivery hereof, Borrower neither is nor will become in default hereunder, under the Mortgage or under any Related Writing.

Section 5.

CONDITIONS OF LENDING

The obligation of the Bank to lend hereunder, and disburse from time to time the proceeds of the Loan, is subject to the following conditions precedent:

5.1 Representations and Warranties.

At the time of each disbursement hereunder, the representations and warranties set forth in Section 4 hereof shall be true and correct on and as of such time with the same effect as though such representations and warranties had been made at such time.

5.2 Opinion of Counsel for the Borrower.

Concurrently with the execution and delivery hereof to the Bank, the Bank shall have received from J. G. Peltier and/or Robert Perrin, counsel to the Borrower, a favorable written opinion, satisfactory in form and substance to the Bank and to its special counsel, Hahn, Loeser, Freedheim, Dean & Wellman, addressed to the Bank:

- (a) Confirming the accuracy of the representations and warranties set forth in Sections 4.1, 4.2 and 4.5 hereof;
- (b) To the effect that
 - (i) this Agreement, the Mortgage, the Note and any Related Writing have been duly executed and delivered by the Borrower and constitute the legal, valid and binding obligation of the Borrower, enforceable in accordance with their respective terms;

- (ii) except as provided under the Regulations, no registration with or consent or approval of, or other action by any Federal, state or other governmental authority or regulatory body to the execution and delivery of this Agreement, the borrowing hereunder, or the execution and delivery of the Mortgage, the Note, or any Related Writing is required by law;
- (iii) there is no requirement for consent by any person to the borrowing hereunder nor is there any default, by reason of the transactions contemplated hereby, under any credit agreement, indenture, guarantee or other contract, agreement or instrument to which the Borrower is a party or by which it or any of its property may be bound or affected;
- (iv) the Mortgage is a valid first lien on the Premises, the Borrower has good and marketable title to the Premises, and the Premises are free and clear of all other liens, encumbrances and restrictions except those set forth on Exhibit B to the Mortgage and the second mortgage lien in favor of American National Corporation described in Section 8.1 (c);
- (v) The security interests intended to be created in the property described in Section 9.1 (b) hereof are valid, enforceable and constitute liens of first priority under the Uniform Commercial Code (and any other applicable legislation), the Borrower has good and marketable title to such property, and such property is free and clear of all liens, encumbrances, pledges, financing statements, security interests except the lien and security interest of the Bank and the security interest described in Section 8.1 (c) hereof;
- (c) covering such other matters incident to the transactions hereby contemplated as the Bank or its special counsel may reasonably request.

5.3 No Default.

At the time of each disbursement hereunder, the Borrower shall be in compliance with all the terms and provisions set forth herein, in the Note, in the Mortgage and in any Related Writing on its part to be observed or performed, and no Event of Default specified in Section 11.1 hereof, nor any event which, upon notice or lapse of time, or both, would constitute such an Event of Default, shall have occurred and be continuing at the time of such disbursement.

5.4 Evidence of Filings.

On or prior to the date hereof, the Bank shall have received evidence satisfactory to it and its special counsel as to the due filing and recording in all appropriate offices of the Mortgage and of any financing statements or other instruments required for the perfection under the Uniform Commercial Code (or any other applicable legislation) of the security interests intended to be created pursuant to Section 9.1 (b) hereof.

5.5 Farmers Home Administration.

On or prior to the date hereof, the Bank shall have received approval from FmHA of this Agreement, the Mortgage, the Note and other Related Writings and shall have received any and all other FmHA approvals deemed necessary by the Bank and its special counsel, including, but not limited to, the FmHA's written approval with respect to any defects in the Borrower's title to the Collateral and any liens and encumbrances thereon.

5.6 Supporting Documents.

- (a) On or prior to the date hereof, the Bank shall have received, in form and substance satisfactory to the Bank and its special counsel,
 - (i) the Note;
 - (ii) the Mortgage;
 - (iii) financing statements in respect of the Collateral described in Section 9.1 (b) hereof;
 - (iv) final Plans and Specifications;
 - (v) an ALTA form of Mortgagee's Policy of Title Insurance issued by Land Title Guarantee and Trust Company, in the amount of the Note, whose coverage is satisfactory to the Bank as to terms and coverage, insuring that the Mortgage is a first lien on the Premises, free and clear of all liens, encumbrances and restrictions except those, if any, to which the Bank and FmHA have given their respective written consent and approval and except those set forth in Exhibit B to the Mortgage;
 - (vi) certified copies of the Resolutions of the Board of Directors of the Borrower authorizing the execution, delivery and performance of this Agreement, the borrowing hereunder, the Mortgage, the Note, and Related Writings and other matters contemplated hereby;
 - (vii) a certificate or certificates of an appropriate officer of the Borrower as to the incumbency and signatures of its officers signing this Agreement, the Mortgage, the Note and any Related Writing;
 - (viii) a certificate of an appropriate officer of the Borrower certifying as to, and transmitting, a true and correct copy of the Borrower's Articles of Incorporation and Code of Regulations, together with a Certificate issued by the Secretary of State of Ohio certifying that the Borrower is in good standing under the laws of Ohio; and
 - (ix) such additional documents as the Bank or its special counsel may reasonably request.
- (b) At the time of each disbursement hereunder, the Bank shall have received, pursuant to Section 6 hereof, in form and substance satisfactory to the Bank, all documents, instruments, writings, certificates, and/or assurances which it deems necessary or desirable.

- (a) Subject to the terms and conditions set forth in Section 5 and elsewhere in this Agreement, the proceeds of the loan hereunder shall be disbursed by the Bank for the purposes and the payment of the costs and expenses set forth in Section 2.3 hereof, by checks bearing the signature of a duly authorized officer or employee of the Bank. Disbursements shall be made upon the written request of the Borrower, accompanied by such certification by the Borrower or other evidence as the Bank may require, evidencing that each disbursement will be expended to pay, or reimburse the Borrower, for costs of constructing the Building, acquiring and installing the Equipment and/or for the other purposes and costs and expenses permitted under Section 2.3 hereof.
- (b) Pursuant to paragraph (a) of this Section 6, without limiting the generality of the foregoing, the Bank shall have the right, in its sole discretion,
 - (i) to make disbursements to the Borrower and/or directly to contractors, subcontractors, materialmen, suppliers of Equipment and/or to others;
 - (ii) to require, as a condition to each disbursement, that it be furnished with
 - a. a satisfactory title policy continuation (prepared in accordance with the normal practice of Land Title Guarantee & Trust Company), indicating the continued priority of the Mortgage as a first lien on the Premises as of the time of each such disbursement and that no additional liens or encumbrances, except those permitted under Section 8.3 hereof, have been placed against the Premises;
 - b. a satisfactory search as to filings under the Uniform Commercial Code of the records of the appropriate offices, indicating that no lien or financing statement, except those permitted under Section 8.3 hereof, has been filed against any of the Borrower's property or assets; and/or
 - c. bills, invoices, receipted bills or invoices, affidavits, and/or mechanics' and materialmen's lien waivers (satisfactory in form and substance to the Bank) for labor, materials, equipment and/or services on account of which disbursement is requested;
 - (iii) to disburse funds for construction of the Building only in proportion to reports of progress which may be made by its inspectors or FmHA, retaining sufficient funds which, in the reasonable opinion of the Bank, will complete the Building; and/or
 - (iv) to limit each such disbursement to 90% of the value of the materials and/or labor incorporated in the construction of the Building or for

installation of Equipment as of the date of the request therefor, until completion of the Building and the installation of Equipment free and clear of mechanics' and materialmen's liens or the possibility thereof.

(c) It is understood and agreed that

- (i) no disbursements will be made for labor and/or materials in connection with the construction of the Building, except to the extent such labor has been performed and materials have been incorporated into the construction of the Building;
- (ii) the Bank may rely and act upon any written request for disbursement made by the Borrower without verification thereof or inquiry as to any matter recited therein;
- (iii) the Bank does not assume, and is hereby expressly relieved and discharged from, any liability or responsibility whatsoever to the Borrower which might or could arise out of the disbursement of funds or with respect to the method, manner or application of such disbursement, or with respect to mechanics' or materialmen's liens or any other liens whatsoever which might attach to or be filed against the Premises or the property or assets of the Borrower;
- (iv) except as otherwise provided in Section 10 hereof, if the Borrower notifies the Bank in writing that it disputes in good faith an amount claimed to be due by a contractor, subcontractor, materialman and/or supplier of Equipment for labor performed or materials or Equipment furnished in connection with the Project and if the Borrower promptly takes such action as the Bank may request to protect against the perfection and/or foreclosure of a lien arising from such claim (including, but not limited to, discharge or satisfaction of a lien by deposit or bond), the Bank will not, so long as the Borrower is not in default under the terms of this Agreement or any Related Writing, disburse the disputed amount directly to such claimant without the prior agreement of the Borrower;
- (v) disbursements may be made to reimburse the Borrower for the wages and salaries paid to its employees for work directly related to the construction of the Building and installation of the Equipment; provided, however, notwithstanding anything to the contrary in this Agreement, the Bank may, in its discretion, require that, prior to the reimbursement of the Borrower for amounts paid its employees as aforesaid and for amounts heretofore paid to contractors and suppliers for the construction of the Building and/or acquisition and installation of Equipment, amounts now due, or hereafter to become due, to contractors, materialmen, and/or suppliers to complete the construction of the Building and the acquisition and installation of Equipment shall be paid and the Building completed and the Equipment acquired and installed; and

- (vi) the disbursement procedure to be followed by the Bank is intended to protect the Bank and assure the Bank of a valid first mortgage lien and security interest in respect of the Collateral and not for the protection of the Borrower.

Section 7.

AFFIRMATIVE COVENANTS

From the date hereof and until the payment in full of the Indebtedness, including the principal of and interest on the Note, the termination of this Agreement, and the satisfaction of the Mortgage, the Borrower will:

7.1 Corporate Existence, Conduct of Business.

Do or cause to be done, at its expense, all things necessary (i) to preserve and keep its corporate existence in full force and effect; (ii) comply with all laws, rules, regulations and orders of any governmental authority applicable to the Borrower, its business and operations and the Collateral; (iii) conduct and operate its business in the ordinary course; and (iv) at all times maintain, preserve and protect all franchises, rights, trade names, licenses, certificates and other authorizations necessary or appropriate to enable it to carry on its business.

7.2 Maintenance of Properties.

Keep in good order and condition, ordinary wear and tear excepted, all its real and tangible personal property from time to time comprising the Collateral.

7.3 Insurance.

- (a) Keep all real and tangible personal property comprising the Collateral insured at all times, to such extent, by such policies, by such insurers and against such losses and hazards, including those covered by fire and extended coverage insurance, as is customary with companies engaged in the same or similar business to that conducted by the Borrower and as the Bank may, from time to time, reasonably require, such insurance policies to include a loss payable clause (in form satisfactory to the Bank) in favor of the Bank, its successors and assigns, as mortgagee and secured party;
- (b) Maintain public liability insurance covering the Premises, providing insurance for death or bodily injury, and for damage to property, in such amounts, by such policies, and by such insurers as the Bank may require from time to time (such policies to name the Bank as an additional insured) and maintain necessary workmen's compensation insurance and other insurance as may be required by law; and
- (c) Cause each insurance policy provided for in this Section 7.3 and in Section 3.5 (e) to contain a provision to the effect that the insurance company shall not cancel the same without first giving written notice thereof to the Bank at least fifteen (15) days in advance of such cancellation; deliver to the Bank a copy of each such insurance policy or, at the election of the Bank, certificates indicating that any policy or policies of insurance required under this Agreement have been issued and are in

full force and effect; give the Bank prompt written notice of each material change in the Borrower's insurance coverage and the details of such change; and promptly furnish the Bank, upon request, such information concerning the Borrower's insurance as the Bank may, from time to time, request.

7.4 Payment of Indebtedness and Taxes.

- (a) Pay all of its accounts payable and obligations, calling for the payment of money, promptly and in accordance with the normal terms thereof;
- (b) Pay and discharge promptly all taxes, assessments and governmental charges or liens imposed upon it or upon its income and profits, or upon any of its property, real, personal or mixed, upon any part thereof, or upon the use thereof, before the same shall become in default, as well as all lawful claims for labor, materials and supplies or otherwise, which, if unpaid, might become a lien or charge upon such property or any part thereof; provided, however, that the Borrower shall not be required to pay or discharge any such tax, assessment, charge, levy or claim, so long as the validity thereof shall be contested in good faith by appropriate and timely proceedings, and the Borrower shall have set aside on its books adequate reserves with respect to any such tax, assessment, levy or claim so contested; and
- (c) Pay and secure releases or waivers of all liens, encumbrances and security interests in or on the Collateral, which, in the opinion of the Bank, are or may be prior to its mortgage lien or security interest, and disclose to the Bank in writing any outstanding recorded or unrecorded rights or interests of third parties of whatsoever character on or in the Collateral.

7.5 Financial Statements.

Deliver to the Bank and FmHA:

- (a) As soon as available, and in any event within thirty (30) days after the end of each calendar quarter, financial and earning statements in the form of Exhibit B attached hereto and made a part hereof, the first such statement to cover the calendar quarter commencing January 1, 1975;
- (b) As soon as available, and in any event within thirty (30) days after the end of each fiscal quarterly period, profit and loss statement and reconciliation of surplus statement for the year to date, and a balance sheet as of the end of such quarterly period, certified by the President of Borrower;
- (c) As soon as available, and in any event within sixty (60) days after the end of each fiscal year, a profit and loss statement and reconciliation of surplus statement for such year and balance sheet as of the close of such year, the foregoing financial statements to be audited and accompanied by an unqualified certification of an independent certified public accountant licensed and certified on or before December 31, 1970 by a regulatory authority of the State of Ohio (such accountant, or firm of accountants, and the form of such statements and such certification, to be acceptable to the Bank);

- (d) Promptly upon becoming available, copies of all statements and reports sent to stockholders; and
- (e) Such other data, documents or information concerning Borrower's financial condition, operations, assets and properties, and management reports, requested by the Bank or FmHA from time to time.

Each of the statements submitted under paragraphs (a), (b) and (c) above shall be accompanied by a certificate signed by the President of Borrower stating that no Event of Default as specified in Section 11.1 hereof, nor any event which, upon notice or lapse of time, or both, would constitute such an Event of Default, has occurred, or setting forth details of such Event of Default or event and the action the Borrower has taken or proposes to take with respect thereto.

7.6 Maintenance and Preparation of Financial Records.

Maintain (i) true and complete records and books of account, in accordance with generally accepted accounting principles applied on a consistent basis, including, but not limited to, authentic invoices numbered consecutively in chronological order, for all of Borrower's Accounts and (ii) accounting and financial records satisfactory to the Bank and FmHA.

7.7 Inspection of Properties and Records.

Permit the Bank, FmHA, or any agency of the United States government, or any of their duly authorized representatives, at any time or times (i) to visit and inspect any of its property, (ii) to examine, for purposes of audit or otherwise, any of its corporate books, documents, papers and records and to make copies thereof, (iii) to seek verifications from, and otherwise consult with, Borrower's Account Debtors and (iv) to discuss its affairs and finances with its principal officers.

7.8 Management.

Maintain executive management which shall at all times be satisfactory to the Bank, it being understood that the Bank is satisfied with the existing executive management.

7.9 Notice of Default.

Give the Bank prompt written notice in the event (i) of the occurrence of any default or possible default under this Agreement, the Mortgage, the Note, or any Related Writing or (ii) any representation or warranty made in Section 4 hereof shall for any reason cease in any material respect to be true and complete.

7.10 FmHA Requirements.

Comply and satisfy, in all respects and at all times, any and all conditions and requirements of the FmHA, including, but not limited to, the conditions and requirements contained in the Regulations and give, execute, and deliver any and all documents, agreements or other papers, and timely do any and all other acts and things, that may be necessary or desirable as requested by the Bank or FmHA, in order to cause the standard form Contract of Guarantee (Form FHA 449-17) to be issued to the Bank by the FmHA in accordance with the Commitment.

Section 8.

NEGATIVE COVENANTS.

The Borrower covenants and agrees that from the date hereof and until payment in full of the Indebtedness, including the principal of and interest on the Note, the termination of this Agreement and satisfaction of the Mortgage, unless the Bank shall otherwise consent in writing, the Borrower will not, either directly or indirectly:

8.1 Debt.

Incur, create, assume, and have outstanding or otherwise be or become directly or indirectly liable in respect of any debt, except:

- (a) the debt evidenced by the Note issued hereunder;
- (b) other indebtedness incurred by the Borrower to the Bank;
- (c) the Borrower's debt to American National Corporation in the principal sum of \$1,100,000, evidenced by a promissory note dated May 9, 1974, which debt is secured by a second real estate mortgage on the Premises and security interest in certain equipment and is subordinated to the indebtedness owed by the Borrower to the Bank;
- (d) debt subordinated to the prior payment in full of the principal of, and interest on, the Note on terms and conditions approved by the Bank in writing prior to the incurrence, creation or assumption thereof; or
- (e) amounts due for construction of the Building and the acquisition and installation of Equipment, as provided herein, which amounts are to be paid from the proceeds of the Loan under the terms of this Agreement.

8.2 Retirement of Debt.

Purchase, acquire, redeem or retire, or make any payment on account of principal of, any debt except (i) the Note, (ii) repayment of debt permitted by the preceding Subsection 8.1 in accordance with the terms thereof, at the stated maturity thereof and without prepayment, and (iii) accounts payable (other than for borrowed money) and accrued expenses incurred in the ordinary course of business.

8.3 Liens.

Incur, create, grant, assume or suffer to exist any mortgage, assignment, pledge, security interest, lien, conditional sale, title retention agreement, financing statement, charge or encumbrance upon any of its property or assets, now owned or hereafter acquired, other than:

- (a) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings;
- (b) Liens arising in connection with workmen's compensation and unemployment insurance;

- (c) Security interests and mortgage liens securing the indebtedness incurred, from time to time, to the Bank; or
- (d) Security interest and mortgage lien described in Subsection 8.1 (c) above.

8.4 Mechanics' and Materialmen's Liens.

Without limiting the covenant contained in Section 8.3 hereof and notwithstanding anything to the contrary in this Agreement, (i) suffer or permit any mechanics' and/or materialmen's liens to be filed or exist against the Premises by reason of work and/or materials supplied to or for the benefit of the Borrower, and (ii) if such liens shall be filed at any time, suffer or permit the same to be unsatisfied or not discharged of record within fifteen (15) days after notice of the filing thereof by payment, deposit, bond, order of court of competent jurisdiction or otherwise.

8.5 Guarantees.

Guarantee or otherwise in any way become or be responsible for obligations of any other person, whether by agreement to purchase the indebtedness of any other person, or agreement for the furnishing of funds to any other person through the purchase of goods, supplies or services (or by way of stock purchase, capital contribution, advance or loan) for the purpose of paying or discharging the indebtedness of any other person; provided, however, this Section shall not apply to the endorsement of negotiable instruments in the ordinary course of business for deposit or collection.

8.6 Loans, Advances and Investments.

Make or have outstanding any loan or advance to, or acquire any stock or securities of, any person, except:

- (i) Direct obligations of the United States of America or certificates of deposit issued by the Bank or a member bank of The Federal Reserve System; and
- (ii) Travel advances in the ordinary course of business to officers and employees.

8.7 Merger, Consolidation, Etc.

- (a) Merge or consolidate with any other corporation or sell, lease, transfer or otherwise dispose of all or a substantial part of its assets;
- (b) Create, acquire or hold any subsidiary; or
- (c) Become a party to any joint venture or partnership.

8.8 Leases.

Incur, assume, guarantee or have outstanding any obligation to pay rent under a lease of real or personal property, except (i) the lease presently in effect of three cars from King Lease Cars Incorporated and (ii) the lease of a xerox telecopier machine from the Xerox Corporation.

8.9 Title Retention.

Except as expressly permitted in Section 8.3 (c) and (d) and Section 8.8 hereof, install or acquire any materials, equipment or fixtures subject to any security agreement, consignment agreement, or other agreement or contract wherein the right is reserved to any person, firm or corporation to remove or repossess any such material, equipment or fixtures, or whereby title to any such material, equipment or fixtures is not completely vested in Borrower at time of acquisition or installation.

8.10 Purchase, Sale, Use of Assets.

- (a) Acquire all or any substantial part of the assets of any other person or business enterprise;
- (b) Acquire (in one transaction or as the most recent transaction in a series of transactions) a majority or more of the securities of a corporation or other business entity which have ordinary voting power for the election of directors;
- (c) Sell, lease, transfer or otherwise dispose of any of its assets or properties except in the ordinary course of business; or
- (d) Abandon, conceal, injure or destroy any of its assets or properties or deface any identifying mark thereon.

8.11 Transactions Respecting Accounts, Etc.

Discount, sell, or otherwise dispose of, with or without recourse, to anyone other than the Bank any Accounts, contract rights, instruments, documents, chattel paper, or general intangibles (as defined in the Uniform Commercial Code) or enter into, or assent to, any amendment, compromise, extension, release or other modification of any kind of, or substitution for, any of the same.

8.12 Transactions with Stockholders.

Directly or indirectly, purchase, acquire or lease any property from, or sell, dispose of or lease any property (other than its shares of stock) to, or borrow funds (other than as permitted in Section 8.1(d)) from, or otherwise deal with, in the ordinary course of business or otherwise, any substantial stockholder of Borrower or any corporation in which a substantial stockholder of Borrower, directly or indirectly, owns five percent (5%) or more of its voting stock; provided, however, any such substantial stockholder may be a director, officer, employee or professional advisor of the Borrower and, subject to Section 8.16 hereof, may be paid reasonable compensation in connection therewith.

8.13 Working Capital.

Permit or suffer at any time its Current Liabilities, including amounts owing from time to time to the Bank, to exceed its Current Assets.

8.14 Dividends, Etc.

- (a) Pay, commit itself to pay, or declare in any fiscal year any dividend, (except stock dividends) in excess of one cent (\$.01) per share of stock; and
- (b) Redeem or acquire, directly or indirectly, any of its stock or any warrants or option to purchase its stock.

8.15 Tangible Net Worth.

Permit or suffer at any time its Tangible Net Worth to be less than Two Hundred Thousand Dollars (\$200,000).

8.16 Salaries.

- (a) Pay or obligate itself to pay any Salaries to E. W. Harwell, W. E. Harwell and F. P. Neuenschwander for services rendered to the Borrower, until such time as the Borrower's operations result in Net Earnings; and
- (b) Pay or obligate itself to pay Salaries to or for the benefit of its officers and the respective members of their immediate families aggregating (for all officers and families) in excess of Ninety Thousand Dollars (\$90,000) during any fiscal year of Borrower.

Section 9.

COLLATERAL

9.1 Mortgage Lien and Security Interest.

As security for the payment of the Indebtedness, including any extensions, consolidation or refinancing and renewals thereof, in whole or in part,

- (a) The Borrower has executed and delivered to the Bank, and caused to be filed of record, the Mortgage, granting the Bank a valid first mortgage lien on the Premises and improvements, buildings and fixtures now existing thereon and to be erected thereon or installed therein, free and clear of all liens, encumbrances, restrictions and defects in title except those set forth in Exhibit B to the Mortgage.
- (b) The Borrower hereby grants, assigns, pledges and transfers to the Bank a first security interest in the following described property and assets of the Borrower, now owned or existing or which are hereafter acquired or come into existence and wherever located:
 - (i) all machinery, equipment, furniture and goods (including, but not limited to, any of the foregoing as may be affixed or to be affixed as fixtures on or in the Premises), including, but not limited to, the property described in Exhibit C attached hereto and the Equipment described in Exhibit D attached hereto (such Exhibits being made a part hereof), together with all attachments, accessions, replacements, and substitutions;

(ii) all Accounts, Inventory, contract rights, chattel paper, choses in action, general intangibles, instruments and documents; and

(iii) all proceeds and products of the foregoing items described in this Subsection 9.1(b).

(all of the foregoing real and personal property and assets, and any part thereof, being herein sometimes referred to as the "Collateral").

9.2 Representations and Agreements of Borrower Regarding Location and Use of Collateral.

(a) The Borrower represents and agrees that

(i) State Route 776, Jackson, Jackson County, Ohio is the Borrower's principal place of business and said address is the only place where Borrower keeps and will continue to keep, records in respect of Accounts, Inventory, contract rights, instruments, chattel paper and documents and its tangible personal property comprising the Collateral; and

(ii) the Collateral is used, and will be used, in Borrower's business and not for farming or leasing.

(b) The Borrower agrees that

(i) it will give the Bank ten (10) days prior written notice of any proposed change in the location of any business, proposed establishment of any new place of business or proposed change in the location where said records or tangible personal property shall be located;

(ii) it will collect and enforce all Accounts at no cost or expense to the Bank, until such time as the Bank shall give the Borrower contrary written instructions;

(iii) it will give the Bank, if it so requests, prompt written notice whenever any Account Debtor shall default in any manner, or assert any defense or offset, and whenever any other event, omission, condition or thing having a material adverse effect on any Account shall arise; and

(iv) if any merchandise or other property which is the subject of any Account shall for any reason be returned to or repossessed by Borrower in any manner, the Bank shall have a security interest in such property as security for the indebtedness to the Bank and Borrower shall receive the same in trust for the Bank and, if it so requests, segregate such property and label the same as being held for the Bank and immediately give the Bank written notice of such return or repossession and the reason therefor; Borrower further agrees that upon demand from the Bank, Borrower will forthwith pay the Bank in cash an amount equal to each Account relating to any returned or repossessed

property, provided that the Bank shall thereupon release said Account and said property to Borrower and apply said payment to the indebtedness to the Bank in such order and by such division as the Bank shall deem advisable.

9.3 Borrower's Right to Sell Inventory.

Unless and until Borrower shall have become in default in any manner in respect of Borrower's indebtedness to the Bank under this Agreement, the Mortgage, the Note or any Related Writing, and the Bank shall have given the Borrower written notice of the Bank's intention to exercise its remedies thereunder, the Borrower shall have the right to sell its Inventory in the ordinary course of business and each purchaser under such sales shall take the Inventory so purchased free from Bank's security interest therein; provided, the Bank's security interest in the Inventory so sold shall in each case automatically, without any further act on the Bank's part, attach to the Account and other proceeds resulting from such sale.

9.4 Further Perfection.

Upon request by the Bank, the Borrower shall, at the Borrower's sole expense, promptly (i) deliver and pledge to the Bank, endorsed and/or accompanied by such instrument of assignment and transfer in such form and substance as the Bank may request, any and all such instruments, documents and/or chattel paper as the Bank may specify in its request and (ii) give, execute, deliver, file and/or record any and all notices, financing statements, assignments, instruments, documents, agreements or other papers, and do all other acts and things, that may be necessary or desirable, or that the Bank or FmHA may request, in order to create, perfect, preserve, protect, further assure or validate the aforesaid mortgage lien, any security interests granted or intended to be granted pursuant hereto or to enable the Bank to exercise its rights under the Mortgage and/or hereunder.

Section 10.

RIGHTS AND REMEDIES.

10.1 Rights of the Bank Regarding Accounts.

The Borrower agrees the Bank shall, at all times, have the right, but not the duty, to collect and enforce all Accounts or such thereof as the Bank may deem advisable and that if the Bank shall elect to exercise such right in respect of any such Accounts, the Bank shall not be liable to Borrower except for willful misconduct. Without limiting the generality of the foregoing, the Bank may, in its discretion, from time to time and without notice to Borrower,

- (i) notify Account Debtors of this Agreement and request any Account Debtor thereafter to make its payments directly to the Bank;
- (ii) enter into or assent to such amendment, compromise, extension, release or other modification of any kind of, or substitution for, the Accounts as the Bank in its sole discretion may deem advisable; and/or

- (iii) enforce the Accounts by suit or otherwise, maintain any such suit or other proceeding in the Bank's own name or in the Borrower's name, and withdraw any said suit or other proceeding.

Borrower agrees to lend every assistance demanded by the Bank in respect of the foregoing, all at no cost or expense to Bank and including, without limitation, the furnishing of such witnesses, records and other writings as Bank may require in connection with the legal proof of any Account. Borrower agrees to reimburse the Bank in full for all court costs and attorneys' fees and every other cost, expense or liability, if any, incurred or paid by the Bank in connection with the foregoing, which obligation of Borrower shall be a part of the indebtedness and be secured by the Collateral.

Whenever Borrower shall receive a check or other media of payment in full or partial payment of any Account at any time after the Bank has exercised any of its rights pursuant to this Subsection 10.1, or its rights under Section 10.4 hereof, the Borrower agrees, in each case not later than the first banking day after the receipt of such check or other media of payment, to deliver the same to the Bank in the original form received, together with such endorsement or assignment thereof as may be necessary to enable the Bank to collect the same, and pending such delivery, to hold the same in trust for the Bank without depositing or commingling it with any funds or property of Borrower. The Bank shall, at all times, be under no duty to remit any portion of said check or other medium of payment to Borrower and have the right to apply all of each said check or other medium of payment, or such portion thereof as the Bank in its discretion may deem advisable, toward the payment of the indebtedness incurred to the Bank.

10.2 Rights of Bank to Execute Documents, Etc. on Behalf of Borrower.

The Borrower agrees that the Bank shall have full power and authority at any time or times to sign Borrower's name to, and to make, execute and deliver, (i) any endorsement or assignment required to enable the Bank to collect any check or other medium of payment, whether received from Borrower or an Account Debtor or any other source; (ii) any receipt or acknowledgement in respect of any invoice, freight bill or bill of lading pertaining to any Account; (iii) any draft drawn on an Account Debtor in respect of any Account; (iv) any assignment or verification of any Account and notice thereof to each Account Debtor affected thereby; (v) any demand, protest or notice of any kind; (vi) any release or acquittance in full or partial discharge of any Account; or (vii) any further and other writing, including financing statements, that the Bank may deem necessary or proper to carry out the intentions of this Agreement. The appointment of the Bank as agent, as herein provided, is expressly declared to be that of agent coupled with an interest, and as such shall be irrevocable.

10.3 Rights of Bank Regarding Completion of Project.

Notwithstanding anything in this Agreement or any Related Writing to the contrary, if, at any time, by reason of a failure to conform to the Plans and Specifications or unnecessary delay in the prosecution of completion of the Project, Bank may determine that the progress of the Project is unsatisfactory, and/or if an Event of Default shall occur, the Bank may, at its option, pay bills and/or take over the management of construction of the Building and acquisition and installation of Equipment and complete the Project in such manner as the Bank may deem advisable, and in such event, may apply any funds the Borrower has on deposit with the Bank, any balance of the proceeds of the Loan and/or other funds, toward the cost thereof in such manner as the Bank may deem proper, without responsibility to the Borrower for the application of the funds so paid and without responsibility for mechanics' and/or materialmen's liens, or otherwise; provided, however, nothing contained herein shall in any way be construed as a covenant on the Bank's part to complete the Project. All sums so expended by the Bank shall be deemed paid to the Borrower and secured by the lien of the Mortgage and by the security interests hereunder.

10.4 Rights and Remedies Upon Default.

Upon the occurrence of an Event of Default (as herein-after defined), the Bank shall have the rights and remedies with respect to the Collateral under the terms of the Mortgage and as a secured party under the Uniform Commercial Code and, in addition to the other rights and remedies provided herein, the Bank shall have the following rights and remedies:

- (a) The Borrower shall, upon demand by the Bank, forthwith assemble the tangible personal property comprising the Collateral, or any part thereof, and all documents evidencing any item thereof and make it available to the Bank at such place or places as the Bank may designate in its demand.
- (b) The Bank may take possession and control of the Collateral, or any part thereof, and all documents evidencing any item thereof, it being understood and agreed that the Bank may, with or without aid of legal process, make use of such force as may be necessary to enter any premises where any Collateral or documents evidencing any item thereof may be found for the purpose of taking such possession and control thereof, without liability for trespass or damage caused thereby to Borrower.
- (c) The Bank may, at its option, appropriate any and all money, deposit balances or other indebtedness held or owing by the Bank for the account of Borrower, property, securities or any Collateral, now or hereafter and howsoever in the possession or control of or mortgaged or securing the indebtedness to, the Bank, belonging to the Borrower (or in which the Borrower has any interest) and apply and set off the same, in whole or in part, and in such order and division as the Bank deems advisable, against the

payment of the principal of, and interest on, the Note and any other indebtedness then owing by the Borrower to the Bank, whether or not then matured. The Borrower waives prior notice of any such appropriation, set off and application.

- (d) The Bank may, in the exercise of its judgment, as to the manner in which best to realize the greatest amount for the Collateral, sell, lease or otherwise dispose of, at such time or times, at such place or places and at such price or prices as the Bank deems best, in one or more sales or parcels, for cash or on credit, all or any of the Collateral, at public or private sale, without demand of performance or notice of intention to sell or of time or place of sale or advertisement of sale (except such notice as is required by applicable law and cannot be waived, it being agreed that, without restricting the Bank's right to give shorter notice, ten (10) days' prior notice of any sale shall for all purposes hereunder be deemed to be reasonable, and that any notice once given, as well as the sale specified therein, may be at any time cancelled and rescinded prior to such sale), and any person (including the Bank) may be the purchaser of any or all of the Collateral so sold and thereafter hold the same absolutely free of any claim or right of whatsoever kind, including any equity or redemption, of the Borrower. Any such demand, notice or right and equity is hereby expressly waived and released.

10.5 Expenses of Default.

The Borrower shall pay to the Bank all expenses (including, unless prohibited by law, reasonable attorneys' fees) of, or incident to, (i) the enforcement of any of the provisions of this Agreement, the Note, the Mortgage and/or any Related Writing, (ii) any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement of any of the Collateral, (iii) the care of the Collateral, including the expense of insurance and (iv) defending or asserting rights and claims of the Bank in respect thereof, by litigation or otherwise. All such expenses shall constitute a part of the indebtedness to the Bank secured by the Collateral and shall draw interest at the rate per annum then in effect as specified in the Note.

10.6 Realizations.

- (a) After deducting all expenses of default as aforesaid and paying all claims, if any, secured by liens having precedence over the liens and security interests of the Bank, the Bank may apply the proceeds of each sale of the Collateral to or toward the payment of the indebtedness, whether or not then due, owing to the Bank in such order and by such division as the Bank in its discretion may deem advisable.
- (b) If the proceeds of sale, collection or other realization of or upon the Collateral are insufficient to cover the costs and expenses of such realization and a payment in full of the Indebtedness, the Borrower shall remain liable for any deficiency; and any excess of such proceeds over the amounts so due the Bank shall be paid to the Borrower.

10.7 Rights and Remedies Cumulative.

Each right, power or privilege specified or referred to in this Section 10, elsewhere in this Agreement, in the Note, in the Mortgage, or in any Related Writing is cumulative and is in addition to any other rights, powers and privileges the Bank may otherwise have or acquire by operation of law, contract or otherwise. No course of dealing in respect of, nor any omission or delay in the exercise of, any right, power or privilege by the Bank shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any further or other exercise thereof or of any other, as each right, power or privilege may be exercised independently or concurrently with others and as often and in such order as Bank may deem expedient.

Section 11.

EVENTS OF DEFAULT

11.1 List of Events.

The occurrence of any of the following events ("Event(s) of Default") shall be deemed to constitute a default within the meaning of this Agreement:

- (a) The Borrower shall fail to pay when due any installment of the principal of, or interest on, the Note in accordance with its terms or any other sum due to the Bank under this Agreement, the Mortgage or any Related Writing;
- (b) The Borrower shall default in the performance of any agreement or covenant in Section 8 hereof;
- (c) The Borrower shall fail to complete the construction of the Building and acquisition and installation of the Equipment by June 18, 1975 as provided in Section 3.2 hereof;
- (d) The Borrower shall default in the performance or observance of any agreement, covenant or condition herein, in the Mortgage, or any Related Writing (other than referred to in Subsections (a), (b) and (c) of this Section 11.1) and such default shall remain unremedied for fifteen (15) days after written notice thereof shall have been given to the Borrower by the Bank;
- (e) The FmHA shall fail or refuse, for any reason, to issue its standard form Contract of Guarantee (Form FHA 449-17) in accordance with its Commitment, or said Commitment shall expire or, without the concurrence of the Bank, shall be modified, changed, extended, withdrawn or terminated.
- (f) Borrower shall (i) make a general assignment for the benefit of creditors, or (ii) apply for or consent to the appointment of a receiver, trustee or liquidator of all or any substantial part of its assets, or (iii) be unable, or admit in writing its inability, to pay its debts as they mature, or (iv) be adjudicated a bankrupt or insolvent, or (v) commit an act of bankruptcy, or (vi) file a voluntary petition in bankruptcy or file a petition or

an answer seeking reorganization or an arrangement with creditors or seeking to take advantage of any law (whether Federal or state) relating to relief of debtors, or admit (by answer, by default or otherwise) the material allegations of a petition filed against it in any bankruptcy, reorganization, insolvency or other proceeding (whether Federal or state) relating to relief of debtors, or action shall be taken by it for the purpose of effecting any of the foregoing or (vii) suffer or permit to continue unstayed and in effect for fifteen (15) days any judgment, decree or order entered by a court or governmental commission of competent jurisdiction, which assumes custody or control of it or any substantial portion of its business or assets, approves a petition seeking a reorganization of it, or any other judicial modification of the rights of its creditors or appoints a receiver, trustee or liquidator for it or of all or a substantial part of its assets or business, or (viii) take, or omit to take, any action in order thereby to effect any of the foregoing; or

- (g) Any representation or warranty made herein by the Borrower, or made in any written statement, certificate or financial statement now or hereafter furnished by or for the Borrower in connection with this transaction, shall prove to have been materially incorrect or untrue in any respect or shall be breached in any material respect.

11.2 Declared Acceleration.

Notwithstanding anything to the contrary herein and in addition to all other rights and remedies of the Bank, upon the happening of any one or more of the Events of Default referred to in Paragraphs (a), (b), (c), (d), (e) and (g) of Section 11.1 above, the Bank or any holder of the Note may, at its option and in its discretion, (i) declare such of the proceeds of the Loan which have been previously disbursed by the Bank under the provisions hereof, and/or the amount then remaining unpaid on the Note and all other indebtedness of the Borrower to it to be forthwith due and payable, without further demand, presentment, protest or notice of any kind, all of which are hereby expressly waived by the Borrower, (ii) terminate any obligation of Bank to make further disbursements of any remaining proceeds of the Loan; and/or (iii) proceed as authorized hereunder, under the Note, Mortgage or any Related Writing, or under the Regulations and/or as authorized by law to satisfy the indebtedness owed to the Bank, it being understood and agreed that the Bank shall be entitled to all the rights, privileges and benefits in each and every instrument or writing relating to the hypothecation of property, both real and personal, as collateral for the performance of the Borrower's obligations in connection with this transaction.

11.3 Automatic Acceleration.

Upon the happening of any one or more of the Events of Default referred to in Paragraph (f) of Section 11.1 above, the Note and all indebtedness of the Borrower to the Bank then existing shall thereupon become immediately due and payable in full without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrowers.

Section 12.

MISCELLANEOUS

12.1 Payment of Expenses and Loan Fee.

The Borrower agrees promptly to pay, or reimburse the Bank for, all fees and costs for title examination, title reports, title evidence, lien searches, the ALTA Policy of Title Insurance referred to in Section 5.6(a)(v) hereof, recordation of documents, legal fees incurred by the Bank to its special counsel, and other out-of-pocket costs and expenses incurred in connection with this transaction. In addition, the Borrower agrees concurrently herewith to pay the Bank a loan fee in the amount of \$10,000.

12.2 Sums Advanced by Bank.

If the Borrower shall fail, or omit to perform any obligation imposed upon Borrower (including, but not limited to, the payment of insurance premiums and any obligations requiring or involving payment of money) under this Agreement, the Mortgage or any Related Writing or under any other writing binding upon the Borrower, or arising by operation of law, the Bank shall have the right, but not the duty, to perform such obligation for and on behalf of the Borrower and at the Borrower's cost and expense. In any such event, any payment made or cost or expense incurred by the Bank in performing such obligation shall, together with interest thereon at the rate per annum then in effect as specified in the Note, shall constitute a part of the indebtedness to the Bank and shall be secured by the Collateral.

12.3 Proceeds of Insurance and Condemnation Award.

It is understood and agreed that if the Collateral, or any part thereof, shall be destroyed or damaged by any peril insured against and/or shall be taken by condemnation or exercise of the power of eminent domain, the amounts paid by any insurer by reason of such destruction or damage, and/or the amounts paid as damages and awards by reason of such taking, as the case may be, to the extent of the then unpaid Indebtedness, shall be paid to the Bank and, at its option, may be applied in reduction of such Indebtedness or, with the approval of FmHA, released for the repair, restoration or replacement of the Collateral so damaged, destroyed or taken.

12.4 Prior Agreements.

This Loan and Security Agreement supersedes the Security Agreements and Supplemental Loan Agreement, dated May 9, 1974, entered into between the Borrower and the Community Improvement Corporation of Jackson County, Ohio, the latter having assigned all its rights and indebtedness thereunder to the Bank.

12.5 No Rights in Contractors.

Nothing contained in this Agreement shall be construed to vest in any contractor, subcontractor, materialman, laborer, or supplier any interest in or claim upon the proceeds of the Loan or any rights under this Agreement.

12.6 Notices.

All notices to or demands or requests of the Borrower shall be given to or made upon the Borrower at its Jackson, Ohio address set forth hereinabove or at such other address in the United States as may be designated by it in a written notice to the Bank. All notices to or demands or requests of the Bank shall be given to or made upon the Bank at its Main Office, addressed to the commercial loan officer of the Bank in charge of the Borrower's account, or at such other address and/or to such other person as may be designated by the Bank in a written notice to the Borrower. All notices, requests, consents and demands hereunder shall be in writing and shall be deemed to have been made when delivered in person or when duly deposited in the United States mail, registered or certified, postage prepaid, addressed as aforesaid. The Bank shall be entitled to rely on the authenticity and due authorization of any written notice purported to have been signed by a corporate officer of the Borrower.

12.7 Waiver, Consent.

No course of dealing in respect of, nor any omission or delay in the exercise of, any right, power or privilege by the Bank, shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any further or other exercise thereof or of any other right, power or privilege. Each such right, power or privilege may be exercised either individually or concurrently with others and as often and in such order as the party exercising the same may deem expedient. Except as herein specifically provided to the contrary and subject to the requirements of the FmHA, if any, the Bank may from time to time in its absolute discretion grant the Borrower waivers and consents in respect of this Agreement or any Related Writing, but no such waiver or consent shall be binding upon the Bank, unless specifically granted in writing pursuant to this Agreement and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, if the withholding of any consent or waiver on the part of the Bank should be judicially determined to have been unreasonable, the sole remedy therefor shall be an order directing the granting of such consent and in no event shall the Bank be liable for any damages or other monetary relief.

12.8 Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the Borrower and the Bank and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Bank and FmHA. It is understood that each right, power and privilege granted to the Bank herein, in the Mortgage, in the Note, or in any Related Writing, shall be exercisable by any subsequent holder of the Note and/or FmHA in the event of an assignment by the Bank to FmHA or any other person.

12.9 Amendment.

No amendment, alteration or modification of this Agreement, the Mortgage, the Note or any Related Writing, shall in any event be effective unless the same shall be in writing, signed by the Bank and approved by FmHA.

12.10 Accounting.

Unless otherwise expressly provided herein, or unless the Bank otherwise consents in writing,

- (a) All financial statements and reports furnished or to be furnished to the Bank hereunder shall have been or shall be prepared, and all computations and determinations pursuant hereto shall have been or shall be made, in accordance with generally accepted accounting principles and practices, applied on a consistent basis;
- (b) The Borrower shall not change the accounting principles or practices used in the preparation of the financial statements referred to in Section 4.3 hereof; and
- (c) The Borrower shall not change its fiscal year.

12.11 Captions.

The captions of sections of this Agreement are inserted for convenience only and shall be ignored in interpreting the provisions of this Agreement.

12.12 Governing Law.

This Agreement, the Mortgage, the Note and any Related Writings delivered hereunder, or in connection herewith, and the respective rights and obligations of the parties, shall be construed in accordance with and governed by the laws of the State of Ohio.

12.13 Payments, Etc.

All payments hereunder due to the Bank shall be made to the Bank at its main office or such other place as may be designated in writing, in lawful money of the United States of America, in immediately available funds.

12.14 Severability of Provisions, Inconsistency.

- (a) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability, without invalidating the other provisions hereof or without affecting the validity or enforceability of such provision in any other jurisdiction.
- (b) In the event of any inconsistency among any provision of this Agreement, the Mortgage, the Note, or any Related Writing, the Bank shall have the option to determine which of the conflicting provisions

shall govern. In the event of any conflict or inconsistency between the provisions of the Regulations and the terms and conditions of this Agreement, the Note, the Mortgage or any Related Writing, the Bank may elect not to rely on or enforce such terms and conditions while the aforesaid Contract of Guarantee is in effect.

12.15 Stamp Tax.

The Borrower agrees to pay and save the Bank harmless from all liability for any stamp or other taxes which may be payable with respect to the execution or delivery of this Agreement, the Mortgage or the issuance of the Note, which obligation shall survive the termination of this Agreement, the payment of the Note and satisfaction of the Mortgage.

12.16 Grammar.

Whenever the context so requires, the use of the words herein in the singular shall be construed to include the plural, words in the plural, the singular, and words whether in the masculine, feminine or neuter gender shall be construed to include all said genders.

12.17 References to FmHA.

Upon termination or expiration of the Commitment without issuance and delivery to the Bank of the Contract of Guarantee as aforesaid or without an extension (with the Bank's concurrence) of the Commitment, upon the failure or refusal by FmHA to issue and deliver to the Bank said Contract of Guarantee, or upon an election by the Bank not to enforce or rely upon said Contract of Guarantee, then, any reference herein or in any Related Writing to the FmHA, its requirements, its approval or consent, or to the Regulations shall have no further force and effect; FmHA shall have no rights hereunder; and the provisions hereof shall not inure to be benefit of FmHA.

12.18 Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one Agreement.

IN WITNESS WHEREOF, the Borrower and the Bank have caused this Loan and Security Agreement to be executed by their duly authorized officers at the place and on the date and year first above written.

Signed in the presence of:

Richard A. Allen
David A. Allen

Richard A. Allen
David A. Allen

JACKSON IRON AND STEEL CORP.

By W. E. Harwell
W. E. Harwell, President
And F. P. Neuenschwander
F. P. Neuenschwander, Secretary

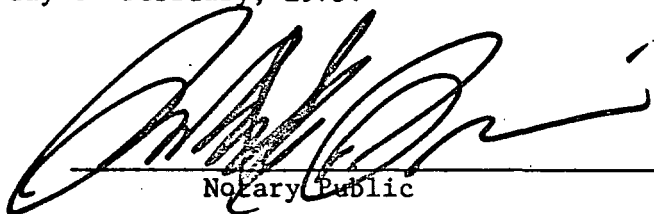
THE CLEVELAND TRUST COMPANY

By Eugene Naherny
Eugene Naherny, Vice President

STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

Before me, a Notary Public in and for said County and State, personally appeared W. E. Harwell, and F. P. Neuenschwander, known to me to be respectively the President and Secretary of JACKSON IRON AND STEEL CORP., who acknowledged that they signed the above Loan and Security Agreement on behalf of said Corporation, and that the execution of said Agreement in all respects is their free act and deed as such officers and the free act and deed of said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Cleveland, Ohio, this 28th day of February, 1975.



Notary Public

ROBERT C. PERRIN, Attorney at Law
NOTARY PUBLIC, FOR THE STATE OF OHIO
MY COMMISSION HAS NO EXPIRATION DATE
SECTION 147.03 RC

STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

Before me, a Notary Public in and for said County and State, personally appeared Eugene Naherny, known to me to be a Vice President of THE CLEVELAND TRUST COMPANY, who acknowledged that he signed the above Loan and Security Agreement on behalf of said company, and that the execution of said Agreement in all respects is his free act and deed as such officer and the free act and deed of said company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Cleveland, Ohio, this 28th day of February, 1975.



Notary Public

HERBERT J. VILLA, ATTORNEY AT LAW
Notary Public — STATE OF OHIO
My commission has no expiration date.
Section 147.03 R.C.

EXHIBIT A

PROMISSORY NOTE

\$2,000,000.00

Cleveland, Ohio
February 28, 1975

FOR VALUE RECEIVED, the undersigned, JACKSON IRON AND STEEL CORP., an Ohio corporation, promises to pay to the order of THE CLEVELAND TRUST COMPANY (the "Bank") the principal sum of TWO MILLION DOLLARS (\$2,000,000.00), or so much thereof as may be disbursed to or for the benefit of the undersigned, with interest thereon, prior to maturity, computed on a 360-day basis from the date of each advance, on the unpaid principal balance at a rate per annum which shall be two per cent (2%) above the Bank's prime rate (the best rate of interest generally charged by the Bank to the most credit-worthy commercial borrowers) (the "Prime Rate") in effect from time to time as provided hereinafter. For the period commencing with the date hereof through March 14, 1975, the Prime Rate in effect at the date hereof shall be used in determination of the interest rate for such period; commencing March 15, 1975, on March 15, June 15, September 15, and December 15 of each year the Prime Rate in effect on such date shall be used in determination of the interest rate for the calendar quarter beginning on such date and any change in the interest rate hereunder shall become automatically and immediately effective on such date.

Payments on account of principal and interest shall be made as follows:

- (i) Interest shall be payable at the aforesaid rate on the fifteenth day of March, June, September and December of each year and at the maturity hereof, the first payment of interest to be due March 15, 1975; and
- (ii) The principal of the Note shall be payable in consecutive quarter-annual installments of Fifty Thousand Dollars (\$50,000.00) each, commencing September 15, 1975 and on the fifteenth day of each December, March, June and September thereafter, until paid in full; provided, however, the final installment shall be due and payable, if not sooner paid, on June 15, 1980 and shall be in the amount of the total unpaid principal balance and accrued interest.

Both principal and interest are payable in lawful money of the United States of America to the Bank in immediately available funds at its main office, 900 Euclid Avenue, Cleveland, Ohio, or at such other place as, from time to time, may be designated by the holder of this Note.

The principal balance of this Note may be prepaid, in whole or in part, at any time without premium or penalty, but concurrently with any prepayment in full, the undersigned shall pay all accrued interest. Each prepayment of principal shall be applied to the principal installments hereof in the inverse order of their respective maturities.

This Note is secured, among other things, by a first mortgage, bearing even date herewith, upon certain premises situated in Jackson County, Ohio, and by a security

interest in certain personal property described in a Loan and Security Agreement, also bearing even date herewith, between the undersigned and the Bank.

Upon default for more than fifteen (15) days in the payment of interest or principal due hereunder or upon a breach, or default in compliance with, any condition, agreement or stipulation contained in said Mortgage and/or Loan and Security Agreement, the unpaid principal balance of this Note, all accrued interest and all other amounts owing under such instruments, shall, at the option of the Bank, or any holder of this Note, and without notice, become immediately due and payable. Upon default for more than fifteen (15) days in the payment of interest or principal due hereunder, or if this Note is not paid at maturity (whether maturity occurs by lapse of time or by acceleration), the unpaid amount shall thereafter, until paid, bear interest each day at a rate of eight per cent (8%) per annum or at a rate per annum which shall be three and one-half per cent (3-1/2%) above the Bank's said Prime Rate in effect on that day, whichever rate each day is the higher.

The undersigned does irrevocably authorize and empower any attorney at law to appear for it in any court of record, state or federal, in the United States of America (other than any court in which utilization of this warrant of attorney would be contrary to law), to waive the issuing and service of process, and to confess judgment against it, at any time after this Note becomes due, and in favor of the holder thereof, without declaration filed, for a sum equal to the amount that may then be due thereon, with interest, costs of suit, and attorney fees; and to waive and release all errors in said proceedings, petitions in error and the right to appeal from the judgment so rendered. Such power shall not be exhausted by one exercise, whether or not any such exercise shall be held by any court to be valid, voidable or void, but judgment may be confessed from time to time as often as any sum or sums may be due hereunder. Waiver of any default shall not constitute waiver of any subsequent default.

Executed at Cleveland, Cuyahoga County, Ohio.

WARNING - BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

JACKSON IRON AND STEEL CORP.

By _____

And _____

EXHIBIT B

NAME

BUSINESS

		ASSETS	Type Date		%		%		%		%		%
	1	Cash											
	2	Marketable Securities											
	3	Receivables—Trade											
	4	Less: Bad Debt Allowance											
	5												
	6	Inventories											
	7												
	8												
	9	All Other Current											
	10	TOTAL CURRENT ASSETS											
	11	Fixed Assets—Net											
	12												
	13												
	14	Investments											
	15												
	16	All Other Noncurrent											
	17	TOTAL NONCURRENT ASSETS											
	18	TOTAL ASSETS											
		LIABILITIES											
	19	Notes Payable—Banks											
	20												
	21												
	22	Accounts Payable—Trade											
	23	Taxes											
	24	Current Maturities of L. T. Debt											
	25												
	26	All Other Current											
	27	TOTAL CURRENT DEBT											
	28	Long Term Debt											
	29												
	30	All Other Noncurrent											
	31	TOTAL NONCURRENT DEBT											
	32	TOTAL UNSUBORDINATED DEBT											
	33												
	34												
	35	Subordinated Debt											
	36	TOTAL LIABILITIES											
	37												
	38	Capital—Preferred Stock											
	39	Capital—Common Stock											
	40	Paid-in Surplus											
	41	Retained Earnings											
	42	NET WORTH											
	43	TOTAL LIABILITIES & NET WORTH											
	44												
	45	NET WORKING CAPITAL (10 — 27)											
	46	CAPITAL FUNDS (35 + 42)											
	47	Ratios: Quick											
	48	Current											
	49	Fixed Assets to Net Worth											
	50	Total Debt to Net Worth											
	51	Total Unsub. to Cap. Funds											
	52	Sales to Receivables (Days)											
	53	Cost of Sales to Inv. (Days)											
	54	Sales to Net Work. Cap.											
	55	Sales to Net Worth											
	56	Contingent Liabilities											
	57												
	58												

Robert Morris Associates—Form C-108 A Rev. 70
Order from CADWALLADER & JOHNSON, Inc., Chicago, Ill.
5 Column Spread Sheet for use with Financial Statement Forms C-110H or C-110T

	OPERATIONS		%		%		%		%
101	NET SALES								
102	Materials Used								
103	Labor								
104	Manufacturing Expenses								
105									
106	COST OF GOODS SOLD								
107	GROSS PROFIT								
108	Selling Expenses								
109	General & Adm. Expenses								
110									
111	TOTAL OPERATING EXPENSES								
112	OPERATING PROFIT								
113	Other Income								
114									
115	Other Expense								
116									
117	PROFIT BEFORE TAX								
118	Income Taxes								
119									
120	NET PROFIT AFTER TAX								
	RATIOS:								
121	% Profit to Net Worth								
122	% Profit to Total Assets								
123									
	RECONCILIATION OF RETAINED EARN.								
124	Retained Earnings--Beginning								
125	Add: Net Profit								
126									
127									
128	Less: Net Loss								
129	Dividends								
130									
131									
132	Retained Earnings--Ending								
	SOURCE & APPLICATION OF FUNDS:								
	Source of Funds:								
133	Net Profit								
134	Depr., Amort., Depletion								
135									
136									
137	Increase--Noncurrent Debt								
138									
139									
140									
141	Other Accounts--Net								
142	Decrease Net Working Capital								
143	TOTAL SOURCES								
	Application of Funds:								
144	Dividends Paid								
145									
146									
147	Purchase of Fixed Assets								
148	Decrease--Noncurrent Debt								
149									
150									
151									
152	Other Accounts--Net								
153	Increase Net Working Capital								
154	TOTAL APPLICATIONS								

EXHIBIT C

BUILDING #1.

First Floor.

- 1 lot of stored pump valves, vertical deep well pumps, cable, fire brick, machine parts, motors, gears, housings, and boiler tubing

BUILDING #2.

Second Floor.

DEWALT SAW.

- 1 radial saw, model-GE, serial #47581, and motor

AMERICAN BAND SAW.

- 1 wood cutting band saw, 26" throat, 22x77" table

DELTA LATHE.

- 1 wood lathe, 6" swing x48" bed, serial #41-2005, with motor, and steel stand

WALKER-TURNER JOINTER.

- 1 bench jointer, 6", with motor and steel stand

WALKER-TURNER DRILL.

- 1 bench drill, 14" swing with motor

GRINDER.

- 1 bench motor grinder 6", 1/2-h.p. motor

BUILDING #3.

First Floor.

RIDGID BOLT MACHINE.

- 1 pipe and bolt machine, model-400

BUILDING #4.

First Floor.

LINCOLN WELDERS.

- 3 portable d.c. arc welders, model-SAE-400, 400-amp., 40-volts

LeBLOND LATHE.

- 1 cone head engine lathe, 24"x14' line shaft, motor and belt drive

CINCINNATI SHAPER.

- 1 Universal shaper, 24" heavy duty, power down feed and motor

ARMSTRONG BLUM SAW.

- 1 power hack saw, model #4B with motor

U. S. ELECTRIC TOOL CO. GRINDER.

- 1 pedestal motor grinder 12", 5-h.p., 1750-r.p.m.

OSTER BOLT MACHINE.

- 1 pipe and bolt machine 4" with motor

MASSEY DROP HAMMER.

- 1 drop hammer 500-lb. cap., 12" stroke, steam operated

FORGE.

- 1 forge, brick, 5x5x2' with hood, steel blower, motor and ductwork
- 1 lot of stored machine parts, bolts, nuts, washers, valves, flanges, etc.

BUILDINGS #6 AND #9.

First Floor

W. TODD BLOWING ENGINE.

- 1 furnace blowing engine, plunger type, 42"x84"x60" steam driven, 12,500-c.f.m.

WEISNER BLOWING ENGINES.

- 2 furnace blowing engines, plunger type, 42"x84"x60" steam driven, 12,500-c.f.m.

ELLIOTT BLOWER.

- 1 turbo blower, type-M, 40000-c.f.m., serial #1362 with steam turbine, 4167-h.p., 3740-r.p.m., serial #15721

ELLIOTT GENERATOR.

- 1 alternating current generator, 750-KVA, 600-k.w., 480-volts, 1200-r.p.m., 902-amps., .8PF, serial #1-S-9157, turbine unit type-2EP3, 600-k.w., 4500-r.p.m., serial #16295

ALLIS-CHALMERS GENERATOR.

- 1 alternating current generator, 300-k.w., 1200-amp., 250-volts, 1200-r.p.m., Kerr steam turbine, type-SPLIT, serial #3056, 450-h.p.

CROCKER WHEELER GENERATOR.

- 1 direct current generator, type-CCD, size-151H, 300-k.w., 250-volts, 1200-amp., 1200-r.p.m., serial #578767 Elliott turbine unit, type-2CYRP, 450-h.p., serial #15861

- 1 Askania control panel
- 1 Penn Electric control panel
- 1 Continental control panel
- 1 Ideal Electric control panel

CRANE.

- 1 hand operated crane, double beam,
30' span with hand geared trolley
and hoist, 20-ton cap.

ELLIOTT GENERATOR.

- 1 alternating current generator,
375-KVA, 300-k.w., 480-volts,
1200-r.p.m., 452-amps., serial
#18-8627 with turbine unit, type-
2CYRP, 300-k.w., serial #15242

WESTINGHOUSE GENERATOR.

- 1 direct current generator, 50-k.w.,
250-volts, 196-amp., serial #4977421,
75-h.p. motor, 1750-r.p.m.

IDEAL GENERATOR.

- 1 alternating current generator, type-
S4B, 1875-KVA, 1500-k.w., 480-volts,
2260-amp., .8PF, serial #260136,
steam turbine type-2EPG4, 1500-h.p.,
5460-r.p.m.

ELLIOTT PUMPS.

- 3 centrifugal pumps 6" with steam
turbine, approximately 30-h.p.

PUMP.

- 1 centrifugal pump 6" with steam
turbine, approximately 100-h.p.

ELLIOTT PUMP.

- 1 centrifugal pump, 3 stage, 6" with
steam turbine, 115-h.p.

CARRIER COMPRESSOR.

- 1 centrifugal compressor, model-17M, size-43, serial #651 with Murray steam turbine, type-U, 358-h.p., serial #2136 with cooling tower, approximately 40-ton cap.

GOULDS PUMPS.

- 2 centrifugal pumps 6", motor 50-h.p.

DAYTON DOWD PUMPS.

- 2 centrifugal pumps size-6CS, 6", 1500-g.p.m., 160' head, Kerr steam turbine, 450-h.p.

DAYTON DOWD PUMP.

- 1 centrifugal pump 6", Westinghouse steam turbine, 90-h.p.

INGERSOLL RAND PUMPS.

- 2 centrifugal pumps 8", with Elliott steam turbine, 30-h.p.

INGERSOLL RAND PUMPS.

- 2 centrifugal pumps, size-12AFV, 4000-g.p.m., 50' head, Elliott steam turbine 60-h.p.

PETERLESS PUMP.

- 1 centrifugal pump 6", with 100-h.p. motor

STANDARD DUPLEX PUMP.

- 1 duplex plunger pump, size 14x20x12x18", serial #2251, steam turbine approximately 200-h.p.

STANDARD DUPLEX PUMP.

- 1 duplex plunger pump, size 12x18"x10"x12", serial #2878, steam turbine, approximately 150-h.p.

BUILDING #7.

First Floor

BAILEY GUN.

- 1 mud gun, electric plunger type

CRANE.

- 1 self-supporting jib crane, 12' with push trolley and electric chain hoist, 3-ton cap.

CRANE.

- 1 electric travelling crane, double beam, 60' span, 50-ton cap.

CASE CRANE.

- 1 electric travelling crane, double beam, 60' span, 10-ton cap., cab controlled

PITTSBURGH CONVEYOR.

- 1 continuous casting machine conveyor, 45" wide, 11 1/4' centers, 20-h.p. motor and gear reducer, steel supports, dismantled, no moulds

BUILDING #Y-1.

First Floor.

- 2 gear cutting attachments
- 1 plow attachment
- 1 plow attachment

BUILDING #Y-7.

First Floor.

- 1 transformer, approximately 150-KVA
with controls

BUILDING #Y-9.

First Floor.

- 1 Clipper masonry saw, model-JD-50,
serial #254
- 1 lot of stored fire bricks
- 1 vertical steel tank, 4' dia. x8' (Havig)
- 1 " 3' dia. x8' "
- 1 vertical steel welded tank, 24" dia.
x10'

BUILDING #Y-18.

First Floor.

KOPPERS HOIST LOADER.

- 1 skip hoist loader, approximately 110'
rise including bridge, 2 cars, steel,
each 102 cu. ft. capacity on inclined
steel railway including winch, 72" dia.
x48", 2 motors each 75-h.p., 515/1030-
r.p.m., each with Falk gear reducer,
model-10HCF, Farval lubrication .
- 1 Freyn control panel
- 1 Freyn control panel
- 1 Clarke model-620 vacuum cleaner

BUILDING #Y-19.

First Floor.

FAIRBANKS-MORSE TRUCK SCALE.

- 1 truck scale, model-135376,
130,000-lb. cap., serial #5324L,
steel platform 9x70'

BUILDING #Y-20.

First Floor.

FAIRBANKS SCALE.

- 1 railroad track scale, 75-ton cap., shop #F705703, outside platform 9x54'

BUILDING #Y-21.

First Floor.

INGERSOLL RAND PUMP.

- 1 centrifugal pump, size-12AFV, 4000-g.p.m., 40' head, 75-h.p. motor, 875-r.p.m., including related piping and valves

GENERAL PLANT.

Yard.

BABCOCK & WILCOX BLAST FURNACE.

- 1 blast furnace installation consisting of:
 - 1 battery of 2 fire-tube Sterling boilers, gas oil fired with breeching
 - 1 battery of 6 fire-tube Babcock & Wilcox boilers each 400-h.p., gas oil fired, with breeching
 - 1 Enterprise oil preheater with 2 heat exchangers #J-8-612, serial #105135 and #105134, and 2 centrifugal pumps, 2" each with 5-h.p. motors
 - 1 oil preheater, with 1 heat exchanger 8x48", 2 pumps 2" each with 5-h.p. motors
 - 1 battery of 6 Hollock blast stoves, outside dia. 18' x approximately 70' high, 18,000-lb. cap., with stack

- 1 Pollock blast furnace, 14½' dia. hearth, 24' major diameter, 350 ton capacity, 14,630 cu. ft. cap., 2 downcomers, 2 bleeders, 8 penstocks
- 1 Peeler electric elevator, approximately 90' rise
- 1 oil injector system
- 1 electric bell distribution system
- 1 dust collector steel outside dimensions 28' dia. x30' cone bottom hand operated gate

BABCOCK & WILCOX BLAST FURNACE--CONT'D.

- 1 Chemical Construction Corp. gas washer
- 2 cleaners 9' dia. x24' cone bottoms
- 3 Cottrell electronic precipitators, 10' dia. x30' cone bottom
- 1 chain conveyor, 60' long with motor and gear reducer
Including all piping, valves, wiring, controls, ductwork, foundations, related equipment, erection of steel supports and installation

HEWITT-ROBINS VIBRATORY SCREEN.

- 1 "Gyrex" 3x6', single deck, serial #GS-5705 motor and gear reducer
- 1 continuous rubber belt conveyor 18"x24' with motor and gear reducer
- 1 skip hoist loader, 1/2-cu. yd. cap., winch, motor and gear reducer, including wiring, controls and installation

CAR PULLERS.

- 2 car pullers, winch 12x24", 5-h.p. motor and gear reducer

ROBBINS CAR SHAKEOUT.

- 1 installation consisting of:
 - 1 car shakeout mounted on structural steel supports with duplex hopper each 18x18x12' deep
 - 2 continuous rubber belt conveyors 36"x24' centers with motor and gear reducer
 - 1 continuous rubber belt conveyor 24" x approximately 973' centers troughed, motor and gear reducer with travelling discharge lorry

- 17 hoppers, steel and stave,
average size 12'x12'x16' deep
with 2 track mounted scale cars,
Atlas 15,000-lb. bags

CONVEYORS.

- 1 installation consisting of:
 - 1 continuous rubber belt conveyor, troughed 24" x approximately 280' centers, motor and gear reducer, steel supports with travelling discharge lorry
 - 1 continuous rubber belt conveyor 24"x200' centers with motor and gear reducer on steel trestle
 - 1 continuous rubber belt conveyor, troughed 24" x approximately 585' centers, motor and gear reducer
 - 1 Sauerman travelling dragline, mounted on approximately 720' of standard weight track, winch, motor 125-h.p., dragline attached to approximately 720' of rail across yard, including all structural steel supports, foundations, wiring, controls and installation

VIBRATORY SCREENS.

- 1 installation consisting of:
 - 2 vibratory screens 4x10' with motor and gear reducer
 - 2 weigh hoppers with Atlas scale 10,000-lb. cap.

MARLEY COOLING TOWER.

- 1 cooling tower, series-CS, outside dimensions 36'x24'x20', 3,400-g.p.m., related piping valves, serial #684CS0 with 2 water tanks, concrete, each 15'x15'x10', 2 vertical pumps, 3000-g.p.m., 60' head motor

TANKS.

- 2 fuel oil storage tanks, 8' dia. x24',
3 concrete saddles, piping and valves

WILSON GAS PUMP.

- 1 gas pump "Gasboy", model-1820, serial #415861, tank 4' dia. x6'

WILSON GAS PUMP.

- 1 hand gas pump "Gasboy", model-300, serial #364526, tank 30" dia. x68"

JAEGER AIR COMPRESSOR.

- 1 portable air compressor "Air Plus", model-105, serial #SM24961

BEDFORD CRANE.

- 1 stored electric travelling crane, 10-ton cap., double beam, 60' span, cab controlled

ERIE GAS PUMP.

- 1 gas pump, model-129-22, serial #LBI6722, with underground tank

STORAGE TANK.

- 1 storage tank, steel, welded, 8' dia. x24' long with concrete saddles

STORAGE TANK.

- 1 elevated storage tank, steel riveted 6' dia. x20' long, structural steel supports
- 1 lot of stored steel plate housing and machine parts

GENERAL PLANT.

- 1 water supply system consisting of water lines, cast iron 12" dia. to cistern pumps and furnace, Transite 14" dia. to mines, reinforced concrete 72" dia. from creek to cistern including cistern and discharge basin
- 1 Ohio Locomotive railroad crane, 25-ton cap., 30' boom, Diesel engine,
- 1 Ohio Locomotive railroad crane, 30' boom, 25-ton cap., Diesel engine
- 1 Ohio Locomotive railroad crane, 25-ton cap., 30' boom, Diesel engine

- 4 clamshell buckets, approximately
1 cu. yd. 2,050.00
- 1 clamshell bucket, approximately
1 $\frac{1}{4}$ -cu. yd.
- 3 crane magnets, 42" dia. 4,850.00
- 11 railroad cars, gondola type,
8' wide x40' long x4' high
body, 100,000-lb. cap. 24,500.00
- 1 Diesel electric locomotive,
Porter, 55-ton, serial #7646
- 2 railroad cars, gondola type, 8'
wide x40' long x8' high 30,000.00
- 7 railroad cars, gondola type,
8' wide x30' long x4' high 19,400.00
- 5 railroad cars, gondola type,
8' wide x28' long x8' high 23,000.00
- 1 railroad car, gondola type
air tilt 8' wide x30' long
x4' high
- 1 railroad flat car 8' wide x36' long

BUILDING #8.

First Floor.

- 1 fume hood, steel, 9'x24"x8' blower,
motor and ductwork, cabinet base
- 1 Stokes still, model-171-F, 1-gal.
per hour
- 1 Canedy-Otto floor drill #17, 17"
swing, production table and motor
- 1 lot of laboratory equipment includ-
ing laboratory benches, stools and
glassware

BUILDING #2.

First Floor.

- 1 lot of Plant Furniture and Fixtures
including wheelbarrows, and benches

Second Floor.

- 1 lot of Plant Furniture and Fixtures including desks, tables, chairs, work benches and storage cabinets

BUILDING #3.

Second Floor.

- 1 lot of Plant Furniture and Fixtures including clothing lockers, benches, fire extinguishers

BUILDING #4.

First Floor.

- 1 lot of Plant Furniture and Fixtures including work benches, storage racks, cabinets, desks, chairs, filing cabinets, scales, fire extinguishers, first aid room equipment

BUILDINGS #6 AND #9.

First Floor

- 1 lot of Plant Furniture and Fixtures including work benches, storage cabinets, desks, chairs

BUILDING #Y-10.

First Floor.

- 1 lot of Plant Furniture and Fixtures including work benches, storage racks, bench grinder, hand operated pipe machine, bench vise, small air operated tools

BUILDING #Y-12.

First Floor.

- 1 lot of Plant Furniture and Fixtures consisting of refrigerator benches

BUILDING #5.

First Floor.

- 1 lot of Office Furniture and Fixtures including desks, tables, chairs, display cases, bookcases, file cabinets, fire extinguishers, water cooler, counters, air conditioner, freezer, storage racks, service counter and stools, floor pan

Second Floor.

- 1 lot of Office Furniture and Fixtures including benches, storage racks, desks, and chairs

BUILDING #Y-2.

First Floor.

- 1 lot Office Furniture and Fixtures including desk, chairs, bench, clothing lockers, coal stove

BUILDING #5.

First Floor.

- 1 Kodak "Verifax" bench copier, model-A
- 1 IBM typewriter 16", serial #1296977
- 1 Burroughs 10-column, serial #A738840
- 1 Autocall Co. autocall system, model-2920 with speakers and wiring
- 1 Royal typewriter, 15", serial #KMG15-4608072, manual
- 1 Todd checkwriter, model-749, serial #Y4289
- 1 Burroughs calculator, 10-column, serial #4-1263134 with stand
- 1 bench addressograph A-M, model-300B, serial #41495P438

- 1 Royal typewriter 16", serial #HHP16-5684527, manual
 - 1 A.B. Dick bench copier, model-525 with stand
 - 1 Monroe calculator, model-410-11-092, serial #90367
 - 1 Monroe calculator, model-8F-213, serial #8046813
 - 1 37-1/1" x 60" Drawing Table (Mayline Model 3760)
 - 1 Drafting Stool (Haskell) with Backrest
 - 1 Boardmaster Drafting Machine (No. 4660-130) and accessories.
 - 1 SR-50 Super Slide Rule Calculator
- File Cabinets, equipment, tools and heaters.

GENERAL PLANT.

Yard.

- 1 Hyster fork lift truck, model-YE40, serial #A3D-50560, gas engine
- 1 Pettibone-Mulliken, model-78-02 yard crane, 6000-lb. cap., serial #339SC
- 1 Northwest crawler tractor shovel, approximately 1-cu. yd. cap.

Slag, railroad ties, tie plugs, and bolts.

EXHIBIT D

- 2 Heroult Orange Peel Type Scrap Charging Buckets - 350 Cubic Feet, Rope Tie, complete with 3 stands.
 - 1 5000 KW 80% PF 6250 KVA Allis Chalmers generator, 3 phase, 60 cycle, 2400 volts, 3600 RPM, direct connected to 1 5000 KW Allis Chalmers non-condensing turbine, 150 lbs. steam pressure, 100° superheat, 35 lbs. back pressure, 3600 RPM, #1142; including generator equipped with separate exciter, turbine equipped with throttle valves, exhaust valves, and complete oiling system, and electrical panel and switch gear.
 - 1 6000 KVA Transformer and Switches.
 - 5 Ladles and 1 Bale.
Ladle Preheat Station.
 - 1 Lectromelt Size "OT" Electric Furnace with 14" diameter electrodes, 25 ton capacity with the following:
 - 1 7500 KVA Furnace Transformer with 22,000 Volt Primary.
 - 3 3 H.P. 230 Volt D.C. Shunt wound Motors and electrodes winches with counterweights.
 - 1 Electric Arc Furnace Operator's Control Panel with Allis Chalmers regulex electrode control system.
 - 1 34,500 Volt Oil Circuit Breaker.
 - 1 Set of bus bar formed to close the secondary delta.
 - 1 Lot of water cooled cables.
 - 1 MG set for winch motor supply.
 - 1 Hydraulic pump, tank and set of valves.
And furnace lining, including, refractory brick, oxygen tanks.
 - 1 Alliance Overhead Bridge Crane 35/10ton, 85'3-1/2" Span, Lift 30 ft. with 230 Volt DC Magnetic Controls in enclosed cab; Main Hoist Motor 87.5 HP 26 fpm; Aux. Hoist Motor 45 HP 49 fpm; Trolley 20 HP 14-1/2 fpm; Bridge 45 HP 223 fpm; Equipped with enclosed Gearing, Anti Friction Bearings and Bogey Type End Trucks - 4 Wheel; with Drawings, Spare Parts and Accessories..
 - 1 90,000 lb./hr. Murray Package Watertube Boiler, 300 psig D.P., equipped with a Coen combination burner for gas/oil firing, forced draft fan with 50 HP motor, and all standard boiler valve trim and regulators.
 - 1 #248 Monroe Engineers Air Scrubber, 50,000 SCFM Capacity, Wet System for Electric Furnace.
 - 1 Spectrometer.
- Molds; stools; electrodes; scrap; ladle and pre-heat refractory lining; oxygen storage tanks and facilities.

Structural steel and sheet metal skin for sides and roof of building.

EXHIBIT E

Florida Bolt & Nut Co.

Imbus Lumber Corp.

The Sherwin Williams Co.

Ben Williamson Supply Co.

Elliott Engineering, Chicago

A. P. Green Refractories Co.

Burdox, Inc.

Callahan Hardware

Dawson Oil Co., Inc.

G. & J. Auto Parts, Inc.

Jackson Electric Motor Service

Jackson Implement Co., Inc.

W. Va. Electric Supply Co.